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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 25, 2000

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE980813

Ex Parte: In the matter of
considering an electricity retail
access pilot program - Virginia
Electric and Power Company

ORDER APPROVING TARIFF REVISIONS

On April 28, 2000, the Commission issued a Final Order in the captioned case, setting forth the parameters of Virginia Electric and Power Company's ("Virginia Power's" or "the Company's") retail access pilot program ("Pilot Program"). Among other things the April 28 Order required the Company to file updated rates, rules and regulations and terms and conditions of service (hereafter referred to as "Terms and Conditions") at least ninety (90) days before the start of Phase I of the Pilot Program. On June 2, the Company filed the required revisions, and these were accepted as filed by the Commission Staff. On June 30, 2000, Virginia Power filed further revisions reflecting several changes, including changes in provisions to the Rate Ready Billing section of subsection K

of the Terms and Conditions and the addition of agreement forms for competitive service providers ("CSPs") and trading partners.

On July 28, 2000, the Commission issued an Order Inviting Comments allowing CSPs and other interested parties an opportunity to comment on these proposed revisions. Specifically, the July 28 Order required Virginia Power to submit notice of the June 30, 2000, proposed revisions to its Terms and Conditions of service to all participants in this docket, to all entities who, on or before August 1, 2000, had applied for a license to act as a CSP and/or aggregator in Virginia Power's Pilot Program, and to all CSPs who attended the Company's November 16, 1999, and June 15, 2000, supplier forums.

On August 11, 2000, Virginia Power submitted proof of the service of the notice as required. On that same date, comments were submitted by the Old Dominion Electric Cooperative ("ODEC") and by the Virginia Committee for Fair Utility Rates ("Virginia Committee"). ODEC made three suggested changes to the language of the CSP Agreement. The Virginia Committee expressed the concern that Virginia Power, as an incumbent electric utility with affiliates competing with non-affiliated CSPs, has an incentive to slow or prevent entry by CSPs into the competitive market. The Virginia Committee stated that the terms of the two agreements filed as part of Virginia Power's Terms and Conditions go well beyond the terms and conditions included in

the Company's previously filed tariffs and rate schedules. The Virginia Committee urged the Commission to be vigilant regarding both the terms of such agreements and their implementation. Additionally, the Virginia Committee asserted that the Commission should plan to revisit the agreements in the future, prior to the implementation of full-scale retail choice. Finally, the Virginia Committee requested that the Commission permit CSPs to request and obtain Commission approval of modifications to such agreements if CSPs believe that modifications are warranted.

On August 16, 2000, the Commission Staff filed a Staff Report concerning the proposed Terms and Conditions. The Staff made several suggestions for editorial changes to the CSP Agreement and recommended approval of the proposed tariffs as modified by the Staff and ODEC. The Staff concluded that the formalization of the Trading Partner and CSP Agreements would provide for fair and equal treatment to all parties and should be accepted. The Staff also concluded that the addition of standard pricing terms in the Rate Ready Billing section of the Terms and Conditions would make that service available to all interested CSPs at the same price, alleviating concerns about discriminatory pricing, and that the proposed terms should be accepted. Finally, the Staff recommended that the Terms and

Conditions, including the CSP and Trading Partners Agreements, be approved only for the duration of the Pilot Program.

On August 17, 2000, Virginia Power filed its response to the comments and the Staff Report. The Company generally agreed with the comments of ODEC and with the Staff Report but took issue with the comments filed by the Virginia Committee.

Virginia Power asserted that, in filing the form agreements as part of the Terms and Conditions, the Company was motivated by a desire to ensure a successful Pilot Program that is fair to all CSPs and to avoid potentially protracted negotiations with CSPs and trading partners. Virginia Power also stated that the use of form agreements would ensure that its affiliates do not receive preferential treatment. Virginia Power noted that, by their own terms, the CSP and Trading Partner Agreements apply only during the Pilot Program and that the Commission has ample authority to revisit these agreements at any time before full-scale retail choice begins. Finally, Virginia Power asserted that there is no need to permit CSPs additional time to request and obtain Commission approval for modifications to agreements.

NOW UPON CONSIDERATION of the foregoing and the applicable law, we find that we should approve the proposed Terms and Conditions filed June 30, 2000, incorporating the editorial changes requested by ODEC and the Commission Staff. The June 30, 2000, proposed revisions were sent to all CSPs who had

expressed an interest in participating in Virginia Power's Pilot Program by seeking a license to do so or by attending the supplier forums. There were no comments concerning either the Rate Ready Billing or the Dispute Resolution portions of the proposed revisions, and the Commission Staff has recommended their approval. Concerning the CSP and Trading Partner Agreements, we are aware of the Virginia Committee's concerns, and we fully intend to revisit these and other aspects of the Company's Pilot Program prior to the start of full-scale retail choice. The CSP and Trading Partner Agreements, by their terms, expire at the end of the Pilot Program period. Prior to that time, the Commission will review these agreements to determine whether they are adequate and appropriate to be used for the start of full-scale retail choice. Finally, if a particular CSP has a specific need that it believes requires an exception to the tariffed CSP agreement, that CSP is free to file an appropriate petition to make such a request.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power's proposed Terms and Conditions filed June 30, 2000, hereby are approved, subject to the editorial changes as noted by the Commission Staff and ODEC.

(2) On or before September 11, 2000, Virginia Power shall file the Terms and Conditions, with the corrections as noted in

paragraph (1) above, with the Commission's Division of Energy Regulation.

(3) This matter is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Pamela Johnson, Esquire, and Karen Bell, Esquire, Virginia Electric and Power Company, P.O. Box 26666, Richmond, Virginia 23261; John F. Dudley, Esquire, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; Frann G. Francis, Esquire, Apartment & Office Building Association, 1050 17th Street, N.W., Suite 300, Washington, D.C. 20036; Kenworth E. Lion, Jr., Esquire, Lion Law Offices, 8018 Atlee Road, Mechanicsville, Virginia 23111; Marleen L. Brooks, Esquire, Allegheny Power, Allegheny Power Building, 10435 Downsville Pike, Hagerstown, Maryland 21740-1766; Louis R. Monacell, Esquire, and Edward L. Petrini, Esquire, Christian & Barton, L.L.P., 909 East Main Street, Suite 1200, Richmond, Virginia 23219-3095; Christopher C. O'Hara, Esquire, Brickfield, Burchette & Ritts, P.C., 1025 Thomas Jefferson Street, N.W., 8th Floor, West Tower, Washington, D.C. 20007; Donald R. Hayes, Senior Attorney, Washington Gas Light Company, 1100 H Street, N.W., Washington, D.C. 20080; Gordon J. Smith, Esquire, John & Hengerer, 1200 17th Street, N.W., Suite 600, Washington, D.C. 20036-3006; Craig G.

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